

Product and Risk Description

Purpose

This document provides you with key information about this product. The information is intended to help you understand the nature, risks, costs, potential gains and losses of this product.

Summary

Product name	Future on Equity Index (Exchange-Traded)
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	19.05.2020

What is this product?

Description

An equity future contract is a standardised agreement to buy or sell a specified amount in shares in a specific company or index at a specified date in the future.

Futures are settled at the settlement price fixed on the last trading date of the contract.

The seller receives cash for equities based on the final future price.

Standardised equity futures are listed on a stock exchange or a similar authorised market and settled through an authorised clearing house.

One standardised future contract is defined as a certain notional value of the equity (eg EUR 100,000). The notional value determines how much the value of one future contract reacts to changes in the future price. Usually this is expressed as the value of one tick, which equals 1/100 of a per cent of the notional value. Thus if the notional value is EUR 100,000 the value of one tick is EUR 10.

A sold equity future can be used to hedge the value of equity investments.

Fulfilment of the future contract will be guaranteed by a clearing house, which steps in immediately after a trade is conducted between the buyer and the seller, to act as buyer towards the seller and seller towards the buyer. The clearing house ensures that the mutual obligations of the parties are always fulfilled.

When a future contract is made, no money changes hands between the buyer and the seller. The parties to a future contract put up collateral to the clearing house. Before expiration there may be regular (eg daily or monthly) settlements where the change in market value is settled. Thus if the future price has risen (fallen) the buyer receives (pays) cash in the settlement while the seller pays (receives) an equal cash amount. Because of this the parties to a future contract may be forced to put up more collateral or be able to withdraw money from their collateral accounts.

The price is subject to change until the transaction is agreed upon.

The agreed transaction is mutually binding until maturity and cannot be cancelled.

However, it will be possible to terminate the transaction before maturity through an opposite transaction (buying and selling one contract nets to zero). As the market value of the transaction may have changed since the previous trading day, an early termination will usually involve a payment of the present market value from one party to the other.

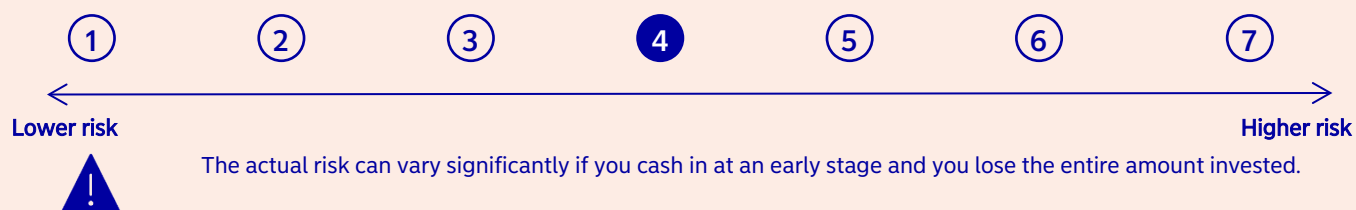
Intended investor

The product Future on Equity Index (Exchange-Traded) is aimed at professional clients and eligible counterparties, who are interested in hedging income. The Future on Equity Index (Exchange-Traded) is a product for informed investors and advanced investors.* The intended retail investor has a medium risk tolerance.

* Informed investors have average knowledge of relevant financial products and/or some financial industry experience. Advanced investors have good knowledge of relevant financial products and transactions, and/or financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

What are the risks and what could I get in return?

Risk indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products with a similar risk profile sold by Nordea. It shows that the potential risks that the product will lose money because of movements in the markets or because the issuer of this product or the counterparty (which may be Nordea), as applicable, is not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class.

The risk and profit/loss descriptions relate to this product only.

If this product is combined with other products or commercial positions, the total portfolio will have a significantly different profile than the one for this product alone.

The market value of an equity future is exposed to changes in the price of the underlying share and interest rates until the expiry of the contract.

The market value of an equity future is exposed to the market parameters listed in the matrix below.

Market Parameters	Future on Equity Index (Exchange-Traded)	
	Influence on market value when increasing	Influence on market value when decreasing
Share price	+	-
Market rate of interest	+	-
Dividend	-	+

What happens if Nordea Bank Abp [LEI: 529900ODI3047E2LIV03] is unable to pay out?

You are exposed to the risk that the issuer of this product or the counterparty (which may be Nordea), as applicable, might be unable to fulfil its obligations in respect of the product e.g. in the event of insolvency, an administrative order or bail-in. The product is not covered by any deposit protection scheme. Thus, you could lose the entire amount invested.

What are the costs?

The total costs take into account one-off, on-going, transaction, ancillary and incidental costs.

They include potential early exit penalties. The figures assume you invest 100,000 EUR nominal. The figures are estimates and may change in the future.

The costs charge for the investment is dependent on the risks associated with the transaction and the term of the investment.

We may include additional costs and charges on a case by case basis. If so, Nordea will provide you with information about these costs and charges prior to the point of sale, and will explain the impact that these costs will have on your investment over time.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	0
% p.a. of nominal	0

Composition of costs on purchase of the product

Detailed Costs	Description	Amount in EUR	%
One-off costs	All costs and charges relating to the handling of the financial instrument paid to product suppliers as an entry cost or exit cost.	-	-
Ongoing costs	All on-going costs and charges that are related to the management of the financial instrument and deducted from the value of the financial instrument during the holding period of the investment in the financial instrument.	-	-
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	The costs and charges will be presented in full at the point of sale	
Ancillary services	Any other costs and charges tied to servicing the financial instrument during the holding period of the financial instrument – such as research commissions.	-	-
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	-	-

How can I complain?

Any complaint regarding the product or the conduct of the persons within Nordea advising on, or selling the product can be submitted under the following website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html>, in written form to Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.